

# **EXHIBIT AJ**

## **[PUBLIC VERSION]**

IN THE UNITED STATES DISTRICT COURT FOR THE  
DISTRICT OF WYOMING

DEPOSITION OF ROSS CROUCH, a Witness,  
taken on behalf of the Plaintiff before Peggy E.  
Corbett, CSR, CCR, RDR, pursuant to Notice on the  
25th day of October, 2023, at the offices of the  
Federal Reserve Bank of Kansas City, 1 Memorial  
Drive, Kansas City, Missouri 64198.

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1 Board?

2 MS. CARLETTA: Objection, form.

3 A. I don't understand. Like just in  
4 regards -- that's a broad question.

5 Q. (BY MS. WEINBERGER) Yeah, okay. So  
6 let's start with you've always worked in the  
7 course of your career at the Kansas City Federal  
8 Reserve; is that correct?

9 A. Yeah.

10 Q. Have you ever had interaction with  
11 members of the Federal Reserve, or any staff  
12 members from the Federal Reserve Board?

13 A. Yes. So in examinations, that's a  
14 delegated function of the Board, and so in our  
15 examination process for routine exam work, we go  
16 out and we conduct the exam and we come back and  
17 we vet the exam results, star management, and  
18 ensure we're being fair and consistent and the  
19 Board is routinely invited to attend and observe  
20 those vettings.

21 Back in the financial crisis in 2008, we  
22 had problem banks. The Board would be aware of,  
23 you know, our exam reports, and they'd be aware  
24 of what's going on. So I -- it's not unusual to  
25 have contact with Board analysts for routine exam

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1 work.

2 Q. Okay, so let's break that down a little  
3 bit. So the exam work is a delegated function of  
4 the Board, correct?

5 A. Uh-huh.

6 Q. Do you know why that is, like what  
7 statute or where that delegation comes from?

8 A. I don't know.

9 Q. And are you aware of what else, what  
10 policy matters the Board cannot delegate?

11 A. I can't speak to all the -- I shouldn't  
12 say, because I don't know all the policy matters.

13 Q. So for example, monetary policies, is  
14 the Board in charge of that, or can the Kansas  
15 City Fed be in charge of that, do you know?

16 A. Monetary policy is complicated. I can't  
17 speak to how all of that -- I don't know how all  
18 of that works.

19 Q. Do you tend to -- are you aware of the  
20 Kansas City Fed needing to look to the Board for  
21 direction on monetary policy?

22 MS. CARLETTA: Objection, form.

23 A. This is -- that has -- I guess that  
24 doesn't have any bearing on what I do, so I can't  
25 speak to that.

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1 piece. I understand the master account decision  
2 piece, but I don't know.

3 Q. And here in Custodia's case it seems  
4 like there was coordination between the master  
5 account review and the membership review; is that  
6 correct?

7 MS. CARLETTA: Objection, form.

8 A. So what I did and what I observed was  
9 related to reviewing the risk of Custodia itself,  
10 providing an output that could be leveraged by  
11 membership, the membership review or the master  
12 account review.

13 So in that regard, I did that analysis,  
14 and then at that point it would move to those  
15 areas.

16 Q. (BY MS. WEINBERGER) And did you have an  
17 understanding that the folks working on master  
18 account review and folks working on the  
19 membership review didn't want to contradict each  
20 other or get ahead of each other?

21 MS. CARLETTA: Objection, form.

22 A. I may have -- relative to my work, they  
23 were both waiting on my work and I mean the  
24 output was intended to provide them both with  
25 accurate analysis, and so I guess I don't see or

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1           A.    I don't work with the mechanisms of the  
2 policy questions, so I don't know.

3           Q.    And this feedback that you provided to  
4 Custodia, did you feel like these were items that  
5 could be addressed by Custodia over time?

6           A.    This feedback, yes, I do. The feedback  
7 in this, I do believe could be addressed over --  
8 now some might take longer periods of time, but I  
9 agree that it could be addressed.

10          Q.    Okay. So all of these items were  
11 addressable or theoretically addressable by  
12 Custodia?

13                   MS. CARLETTA: Objection, form.

14          A.    The feedback provided here is  
15 addressable, yes.

16          Q.    (BY MS. WEINBERGER) Okay. I want to  
17 circle on something you just said. So are you  
18 indicating that you don't know if the Board  
19 handles policy questions?

20                   MS. CARLETTA: Objection, form.

21          A.    I mean related to the membership, which  
22 is what this feedback was focused on, on  
23 membership stuff, they were working on I guess  
24 the policy questions, the Board was, related to  
25 crypto and permissibility, but I don't know how

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1 Q. (BY MS. WEINBERGER) I apologize that  
2 this document is not Bates-stamped, so it's a  
3 little harder to direct you to the right page.

4 I'd like for you to turn to Page 5 that  
5 has enterprise risk management; do you see that?

6 A. Yes.

7 Q. And sort of halfway down the page in  
8 italics it says, "Feedback-These are items that  
9 can be addressed over time." Did I read that  
10 correctly?

11 A. Yes.

12 Q. And that's consistent with the view that  
13 you just expressed that the feedback you were  
14 providing were items that could be addressed by  
15 Custodia?

16 MS. CARLETTA: Object to form.

17 A. Yeah, yeah, they could be addressed,  
18 yeah.

19 Q. (BY MS. WEINBERGER) And this meeting  
20 was October, 2022, right?

21 A. Yes.

22 Q. And did you feel like Custodia was going  
23 to need some time to address all of these issues?

24 MS. CARLETTA: Objection, form.

25 A. Some of the issues would take time to

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1       that you did not, when you drafted the scope  
2       memo, anticipate looking into.

3           A.     There's an executive summary of this  
4       document that has it outlined of what all we  
5       looked into.

6           Q.     Okay.

7           A.     It might be in the back, too.

8           Q.     Well, to be clear this document has been  
9       before you started the exam?

10          A.     Yes.

11          Q.     Okay. So this was -- this represents  
12       what you intended to -- the scope of the exam you  
13       intended to perform; is that correct?

14          A.     Yeah, this represented the plan. So we  
15       looked at broad-based -- when you look at things  
16       like management and risk management, and you look  
17       at things like BSA compliance, our intention was  
18       to look at core banking operations, but you can't  
19       ignore business plans.

20                 So there's grey area when you scope  
21       something. So I guess the long and short of it  
22       is my view is we didn't look at things that  
23       weren't relevant to the risk areas that we had  
24       scoped.

25          Q.     But if the scope of an exam begins to



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1 creep into new areas, then you're moving the  
2 goalposts for Custodia, right?

3 MS. CARLETTA: Objection, form.

4 A. I never said anything about scope creep.  
5 That's a Custodia word.

6 Q. (BY MS. WEINBERGER) Okay.

7 A. When we look at the adequacy of the BS  
8 AMO compliance program, which is absolutely  
9 relevant to a membership decision, we're going to  
10 look at what's in place today and what's planned,  
11 and all of that is relevant.

12 We understood that Custodia was only  
13 intending to launch with core banking products,  
14 but over -- well, the vast majority of their  
15 revenue and their business model was based on  
16 future products and services.

17 So we needed to understand that, not  
18 only for this review, but if we were going to do  
19 another review, how to think about these other  
20 areas, and all of the gaps that we identified and  
21 communicated to the bank were relevant to areas  
22 that were initially scoped for the exam.

23 Q. Was the exam you conducted comparable to  
24 ones that you would conduct for another bank that  
25 was sort of an institutional,